

# MONTHLY BUSINESS REVIEW



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## ELEVENTH DISTRICT BANKING TRENDS IN 1954

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Banking developments in the Eleventh District in 1954 reflected three main forces: (1) continuing underlying strength in District business, which helped to push year-end banking totals to record peaks in spite of some slackening in business activity early in the year; (2) the progress during the year of the cyclical trend — recession, stability, recovery, which contributed to important shifts in the use of banking resources; and (3) monetary and debt management policies that affected both the volume and the use of banking resources. An examination of District banking trends in 1954 as compared with 1953 not only should help to clarify the interrelationship between banking and economic activity but also should contribute to an understanding of the role of general instruments of credit control and debt management in the maintenance of economic stability.

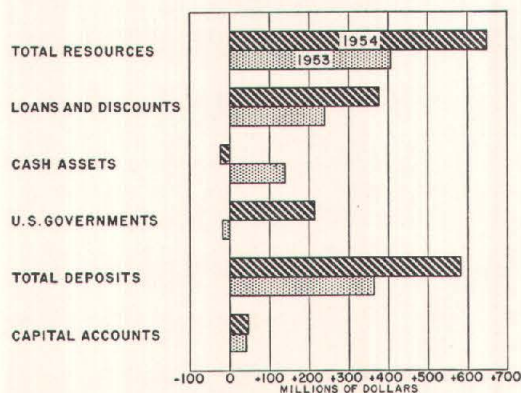
### Growth of Banking Totals in 1954

Although the business recession that began in mid-1953 and continued into the second quarter of 1954 tended to dampen local demands for bank credit during the early months of 1954, the underlying strength of business in the Southwest — together with the willingness and ability of banks to use available reserves to expand earning assets other than loans — contributed to the attainment of record levels of member bank resources, deposits, and capital accounts. Resources of District member banks rose \$648,544,000, or 7.1 percent, to a total of \$9,833,310,000 on December 31, 1954, reflecting mainly a \$377,923,000 increase in net loans and discounts and a \$215,776,000 gain in holdings of United States Government securities. The counterpart of the increase in resources was a \$584,436,000 — or 6.8-percent — expansion in deposits and a \$48,407,000 — or 3.7-percent — rise in capital accounts. Within the total of deposits, demand deposits of individuals and businesses gained \$326,898,000, or 6.1 percent, and time deposits of the same group advanced \$144,877,000, or 18.2 percent.

As is shown in an accompanying chart, the growth of major balance sheet items — with the exception of cash assets — was substantially greater in 1954 than in 1953, in spite of the fact that for the Nation as a whole economic aggregates generally were higher in 1953 than in 1954. The 1954 growth in resources of District member banks exceeded the 1953 gain by 59.3 percent; loan expansion was 56.0 percent greater; holdings of Government securities increased 8.9 percent, as contrasted with a decline of slightly less than 1 percent in 1953; deposit gains were 60.2 percent larger; and additions to capital in the later year were 15.8 percent more than in 1953.

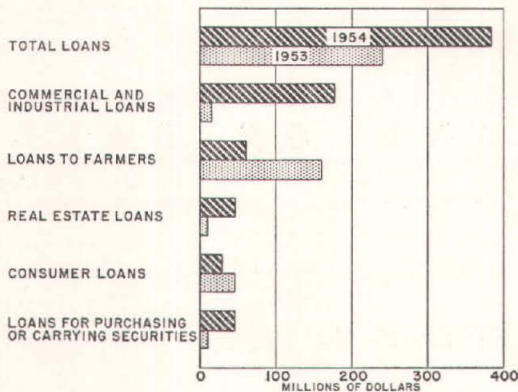
Another chart indicates that the larger loan increase in 1954 stemmed primarily from stronger credit demands connected with business, real estate, and securities transactions. The \$14,753,000 expansion in commercial and industrial

CHANGES IN ASSETS AND LIABILITIES  
MEMBER BANKS-ELEVENTH FEDERAL RESERVE DISTRICT  
1953 and 1954



## GROWTH IN LOANS AND DISCOUNTS

MEMBER BANKS—ELEVENTH FEDERAL RESERVE DISTRICT  
1953 and 1954



loans in 1953 was overshadowed by a \$177,388,000 rise in 1954. Real estate loans, which rose only \$8,687,000 — or 3.3 percent — in 1953, increased \$47,125,000, or 17.1 percent, in the later year. The percentage growth in loans for purchasing and carrying securities in 1954 was more than four times the 1953 increase.

The basic strength of the southwestern economy in 1954 is illustrated further by comparisons with trends in totals for member banks in the Nation. The banking totals that are perhaps most indicative of the tempo of local business activity are loans — particularly business loans — and deposits. During 1954, net loans of District member banks rose 12.2 percent and deposits increased 6.8 percent. These figures contrast with gains in the Nation of 4.3 percent and 4.7 percent, respectively. Of possibly greater significance is the fact that business loans of District banks rose 11.8 percent, as compared with a 2.0-percent decline in the Nation.

The larger percentage growth in loans of District member banks contributed to a 38.0-percent increase in net profits, compared with a gain of 25.9 percent in the Nation. Current operating earnings of District banks were up only 7.2 percent, however, as most of the \$18,949,000 increase in profits before income taxes resulted from a \$15,512,000 nonoperating gain on sales of securities. Member banks in the District paid out \$23,054,000 — or 40.0 percent — of net profits in dividends.

The figures cited above suggest that the impact of the recent business recession was less in the Southwest than in the Nation. Some of the effects of the recession on District member banking are discussed in the following section.

### Impact of Recession and Recovery

A business recession is likely to affect the assets and liabilities of commercial banks in two ways. In the first place, a decline in economic activity might be expected to be reflected in a similar decline — or diminished rate of growth — in such banking totals as resources, loans, and deposits. Secondly,

since a business recession usually involves differential movements of the various components of business activity, with some lines declining at a slower rate than the aggregate or possibly even increasing, shifts in the relative importance of certain assets are likely to occur.

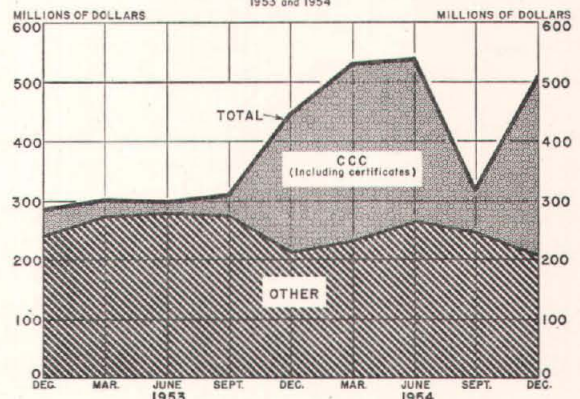
The business recession of 1953-54 was reflected in a decline of approximately 4 percent in gross national product and a decrease of slightly more than 10 percent in industrial production. For 1954 as a whole, gross national product totaled \$357,200,000,000, as compared with \$364,900,000,000 in 1953. In the Southwest the recession was notable with respect to its very mild impact on major banking totals. As noted earlier, loans, deposits, and capital accounts of District member banks rose to record levels in 1954, and the percentage gains in these items in 1954 exceeded the 1953 increases.

Three factors are probably of primary importance in accounting for the upward trend in banking measurements in a year characterized by less than capacity production. First, the general business decline was more pronounced in the Nation than in the Southwest. Nationwide, the largest declines in output were encountered in durable goods industries, which are not as important in this area as elsewhere. Second, 1954 ended in an atmosphere of revival and general business optimism, while 1953 ended in recession. The less than seasonal expansion in bank loans in the final quarter of 1953 was replaced by a more than seasonal growth in the comparable 1954 period; this sharp upsurge in lending did much to push year-end totals to record figures. Finally, the monetary and debt management policies pursued in 1954 were conducive to expansion of banking assets — particularly investments — in spite of depressed loan demand during the early part of the year.

Among banking assets, loans and discounts are likely to be most affected by a business decline, such as that experienced during the past 2 years. An examination of changes in the total of loans of District member banks in 1953 and 1954, however, shows little evidence of the impact of the recession.

## LOANS TO FARMERS

MEMBER BANKS—ELEVENTH FEDERAL RESERVE DISTRICT  
1953 and 1954



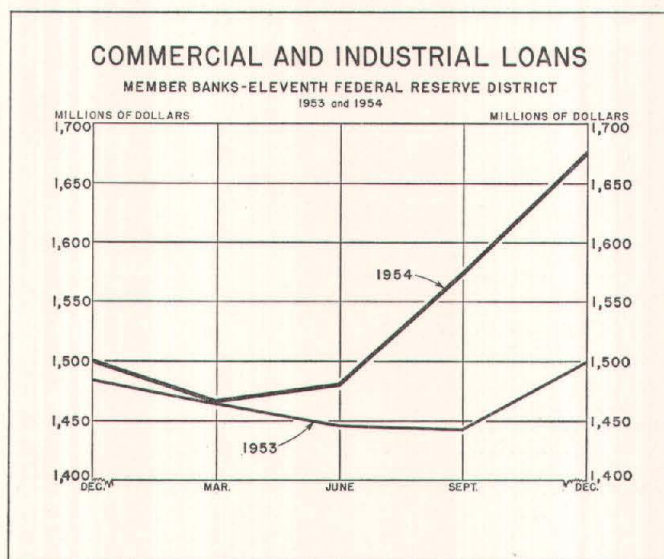
Offsetting movements in the different types of loans tended to conceal partially the recessionary effects. Changes in loans of District banks were influenced considerably by variations in the available supply of certificates of interest issued by the Commodity Credit Corporation. These certificates — classified technically as loans but more closely resembling investments from a practical standpoint — tended to increase late in 1953 and early in 1954, when the demand for other loans dampened somewhat; declined in the third quarter of 1954 as other loan demand was developing; and then added to total loan strength in the last quarter of the year.

Agricultural loans of District member banks fluctuated markedly in 1953-54 primarily because of wide swings in the volume of CCC loans, which, in turn, were dominated by the issuance and retirement of certificates of interest. Purchases of certificates were mainly responsible for a \$136,679,000 increase in agricultural loans in the last quarter of 1953; this expansion accounted for 66.4 percent of the growth in gross loans and discounts which occurred in that quarter. In the first 3 months of 1954, CCC loans rose \$63,393,000, while total loans increased only \$48,794,000. The \$73,204,000 decline in total loans in the third quarter of 1954 resulted mainly from a retirement of CCC certificates that was offset only partially by growth in other loan categories. Finally, during the last quarter of 1954, \$192,333,000 of the \$365,664,000 gain in total loans consisted of growth of agricultural paper.

The trend over the 2 years in "other" agricultural loans — which are more indicative of direct financing of agriculture in this District than total loans to farmers — is explainable primarily in terms of the effects of acreage allotments, drought, and declining prices of agricultural products, rather than the impact of the business recession. In particular, the acreage allotments on cotton and wheat that existed in 1954 — but not in 1953 — probably accounted, in part, for the dampened rate of growth of "other" agricultural loans in the first half of 1954 as compared with the year-earlier period. Moreover, drought conditions resulted in a substantial volume of emergency financing through Government agencies.

The difficulty arising from the influence of variations in the outstanding amount of CCC certificates on changes in total loans can be overcome largely by examining movements of commercial and industrial, consumer, and real estate loans of member banks. At the same time, a closer look at the trends in such loans serves to emphasize the fact that the business recession, in addition to its over-all impact on banking totals, contributed to relatively sharp changes in the use of banking resources.

In this respect, it should be noted that the recession of 1953-54 was characterized by markedly divergent trends of some important components of aggregate economic activity. Personal consumption expenditures were much more stable over the 2-year period than was total product, the decline of which stemmed principally from decreases in government purchases of goods and services and private domestic and



foreign investment. In addition, divergent movements prevailed within the investment category. In the second quarter of 1953, business inventories were being accumulated at a seasonally adjusted annual rate of \$5,400,000,000, as compared with liquidation at the rate of \$4,800,000,000 in the third quarter of 1954. Moreover, new construction rose from a \$25,600,000,000 rate in the third quarter of 1953 to a \$29,100,000,000 rate in the final quarter of last year.

Demand for commercial and industrial loans was relatively weak during the last 6 months of 1953 and the first 3 months of 1954, when recessionary pressures were dominant. Most striking, however, is the sharp increase in the last half of 1954 as compared with the same period in 1953. The influence of strong recovery forces is clearly evident from the \$196,270,000 growth in such loans in the period July-December 1954, which contrasts with a gain of only \$52,334,000 in the last half of 1953.

Although a breakdown of commercial and industrial loans for all District member banks is not available, data for the weekly reporting banks — which hold approximately three-fifths of total member bank loans — are useful in assessing the effect of the recession and revival on demand for bank credit in the Southwest. Loans to manufacturers — other than those in petroleum and related fields — were at very high levels during the boom period of early 1953 but declined in the spring and failed to rise significantly in the latter part of the year. The continuance of recessionary pressures into 1954 is reflected in the depressed volume of such loans through the middle of the year, and the stimulus of recovery forces is apparent in the expansion in September-October 1954.

Loans of the weekly reporting member banks to finance activities of firms in petroleum and related fields are considered separately from other manufacturing loans because of the importance of petroleum industry loans to larger southwestern banks. The effects of the business decline and revival were not evident in this field in view of the continued expansion of drilling activity in 1954.

## SELECTED COMMERCIAL AND INDUSTRIAL LOANS OF WEEKLY REPORTING MEMBER BANKS, 1954 AND 1953

## Eleventh Federal Reserve District

(Last Wednesday of each month. In thousands of dollars)

Month	Manufacturers of petroleum and related products		Other manufacturers		Trade establishments		Construction firms		Sales finance companies	
	1954	1953	1954	1953	1954	1953	1954	1953	1954	1953
January.....	\$253,488	\$225,572	\$120,451	\$142,838	\$150,906	\$147,760	\$150,753	\$132,619	\$ 99,684	\$108,197
February.....	256,412	225,916	117,053	140,255	151,880	154,606	150,436	132,181	90,489	107,132
March.....	256,128	223,344	119,628	137,820	158,437	158,235	155,225	131,239	97,624	111,290
April.....	246,827	229,214	110,756	125,914	160,922	164,206	161,622	135,930	101,945	113,553
May.....	244,865	226,913	106,412	123,189	163,390	166,080	168,769	137,601	99,669	116,507
June.....	250,438	232,818	107,655	121,748	164,151	165,997	172,730	145,962	107,336	113,766
July.....	243,696	237,487	109,434	116,576	158,399	165,018	175,323	147,189	106,999	112,942
August.....	248,083	238,484	110,578	117,164	160,519	160,300	183,197	147,426	107,928	105,586
September.....	250,047	237,950	115,934	118,054	165,748	157,308	181,758	143,507	108,257	104,613
October.....	249,844	241,313	119,283	122,135	170,092	160,272	183,213	147,133	104,341	102,795
November.....	254,241	243,042	118,932	121,289	169,855	164,705	188,270	151,726	106,158	97,333
December.....	261,130	253,767	115,734	121,328	164,531	155,476	208,775	147,632	117,322	110,144

Further evidence of the close interrelationship between business activity and bank lending is brought out by the trends in loans to retail and wholesale trade firms by the weekly reporting member banks. These loans, after declining seasonally in January 1953, rose markedly through April. After mid-1953 the tendency toward inventory liquidation was reflected in a decline through September and what appeared to be a less than seasonal increase in October and November. The reduction in trade borrowings continued during the first 2 months of 1954. Some expansion occurred through June of the year, but the decrease in the rate of inventory liquidation was reflected in the increase in such loans in September and October.

The role of District member banks in helping to finance the construction boom in the Southwest is indicated by the trend of construction loans of weekly reporting member banks during 1953 and 1954. These loans, which totaled \$127,147,000 at the end of 1952, rose 16.1 percent in 1953 to a total of \$147,632,000. This increase, although substantial,

was overshadowed by a gain of \$61,143,000, or 41.4 percent, in 1954. In addition, bank financing of final sales of newly constructed property contributed to the 17.2-percent rise in real estate loans of all District member banks in 1954.

Changes in consumer loans of the District's member banks paralleled movements in personal consumption expenditures in the Nation, particularly spending on durable goods since it is most closely related to consumer borrowing. During the first quarter of 1953, consumer credits granted by District member banks rose \$32,077,000, compared with a \$4,333,000 decline in the comparable 1954 period. It will be remembered that in early 1953 the rising tide of business activity was bolstered by a high level of consumer spending, which, in turn, was stimulated partly by the rapid expansion of consumer debt. During the recovery in the last quarter of 1954, consumer loans grew \$18,540,000, as contrasted with a \$7,023,000 decline in the last quarter of 1953.

Indirect bank financing of consumer purchases is reflected in the trend of weekly reporting member bank loans to sales finance companies, the dominant lenders in the consumer credit field. The total of such loans moved in conformity with business activity, declining in the latter part of 1953 and early 1954 and then rising substantially in late 1954.

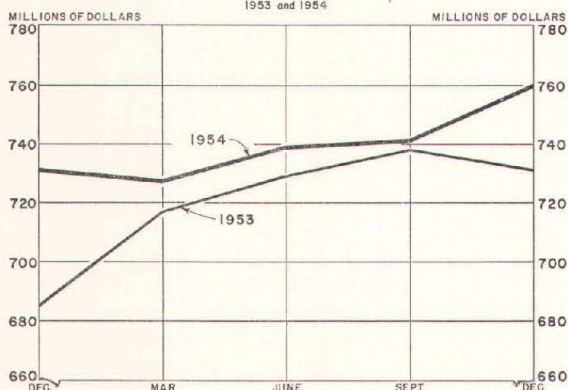
Loans on securities by District member banks rose \$46,656,000, or 40.8 percent, in 1954, as compared with a \$9,741,000 increase in 1953. The 1954 increase, which was concentrated in the July-December period, probably was related to higher prices of both Government and private securities in 1954 and the advanced level of activity in the stock market.

In connection with the liabilities side of the banks' statement, it may be noted that the impact of business recovery during the second half of 1954 was evident in a \$490,343,000 growth of demand deposits of individuals and businesses, as compared with an expansion of only \$339,966,000 in the second half of 1953. Time deposits of individuals and businesses, reflecting a high level of saving in the Southwest, expanded at a fairly steady rate during the 2-year period.

## CONSUMER LOANS

MEMBER BANKS-ELEVENTH FEDERAL RESERVE DISTRICT

1953 and 1954



These trends in member bank accounts indicate that the recession in business activity, although having a very mild effect on banking totals in the Southwest, nevertheless contributed to significant shifts within the banks' loan portfolios. Perhaps of even greater significance was the substantial expansion in member bank holdings of United States Government securities, a development that is discussed below.

### Influence of Monetary and Debt Management Policies

During 1954, monetary and debt management policies were designed to cushion the business decline and to create an atmosphere conducive to recovery. In mid-1953 the Federal Reserve policy of restraint that had been pursued in order to curtail inflationary pressures in the early part of the year was reversed as deflationary forces began to emerge. From late 1953 to late 1954, System policy was designed to promote growth and stability in the economy by actively maintaining a condition of ease in the money market. During 1954 the implementation of this policy involved two reductions in Federal Reserve bank discount rates — from 2 percent to  $1\frac{3}{4}$  percent and then to  $1\frac{1}{2}$  percent; decreases in reserve requirements that released approximately \$1,600,000,000 of reserves; and open market operations designed to maintain adequate, but not excessive, ease in the money market.

Although each of these actions furthered the goal of cushioning and reversing the business downturn, open market operations — purchases and sales of Government securities by the System — were the most important credit control instrument on a day-to-day and week-to-week basis. Early in 1954 the System sold Treasury bills in order to absorb a portion — but not all — of the redundant bank reserves that normally accumulate at that time. Later in the year, in May and June, the Federal Open Market Committee purchased a substantial volume of bills in order to offset a reserve drain stemming from an increase in currency in circulation and a decline in gold stock. Following the reduction in reserve requirements in the summer, the System liquidated bills in order to absorb a portion of the newly available funds and thereby prevent the emergence of excessively easy conditions in the credit market. During most of the autumn months, open market purchases were designed to provide ample funds to support seasonal loan and currency expansion and, at the same time, contribute to business recovery. As the forces of recovery accelerated late in the year, open market purchases were moderated, and bank reserve positions were allowed to firm slightly.

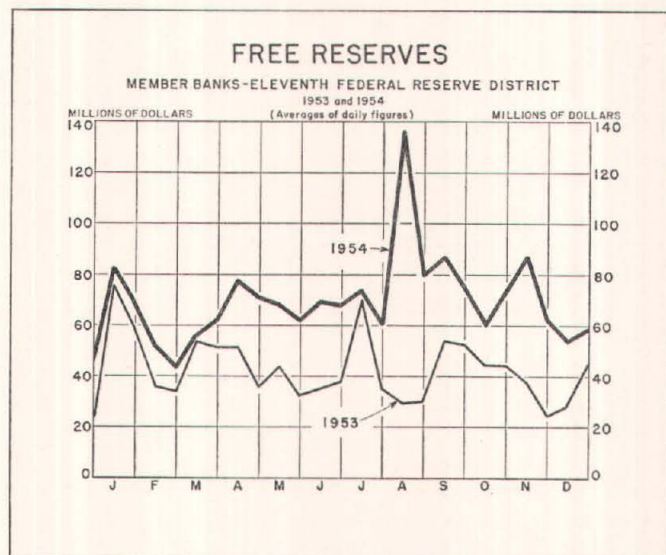
In the market, System actions were reflected in relatively sharp declines in sensitive money rates and yields on all maturities of Government securities and corporate and municipal bonds. Rates on new issues of Treasury bills, which had averaged more than 2 percent during the first 8 months of 1953, declined sharply in the last quarter of 1953 and reached a low of .65 percent in June 1954. Yields on long-term Government bonds callable after 12 years (but not including the 30-year  $3\frac{1}{4}$ 's issued in April 1953) decreased from a

monthly high of 3.09 percent in May-June 1953 to a low of 2.47 percent in the summer of 1954. The yield on the  $3\frac{1}{4}$ -percent bonds averaged 3.29 percent in June 1953 but thereafter declined steadily to a low of 2.60 percent in August 1954. Yields on corporate and municipal bonds followed similar trends. In addition, rates on bank loans to business softened slightly.

Perhaps more important than the decline in interest rates was the underlying credit situation that the lower rates reflected, namely, a situation in which the financial system possessed ample funds to meet all legitimate demands for credit. This condition helped to minimize the possibility of a cumulative development in business as a result of illiquidity and distress selling of goods and securities. Furthermore, the transmission of relatively easy credit conditions to all sectors of the market — as reflected by the decline in yields on long-term securities — assured ample financing to support the construction boom in residential housing and facilities of state and local governments.

The impact of these monetary and credit policies on District member banks is easily discernible in the trends in banking totals in 1954. The increased availability of reserves contributed to a volume of free reserves (excess reserves of member banks less borrowings from the Federal Reserve Bank of Dallas) that fluctuated between \$43,000,000 and \$137,000,000 in 1954, as compared with a range of \$24,000,000 to \$76,000,000 in 1953, and an average volume of \$70,000,000 in 1954, as contrasted with \$43,000,000 in the preceding year.

The availability of reserves during the year — especially the sharp increase in the summer in connection with the reduction in reserve requirements — contributed to the expansion in resources and deposits referred to above. Not only were District banks able to meet all legitimate demands of local borrowers, but also they were encouraged to expand earning assets by purchasing CCC certificates when available and Government and municipal securities in spite of the



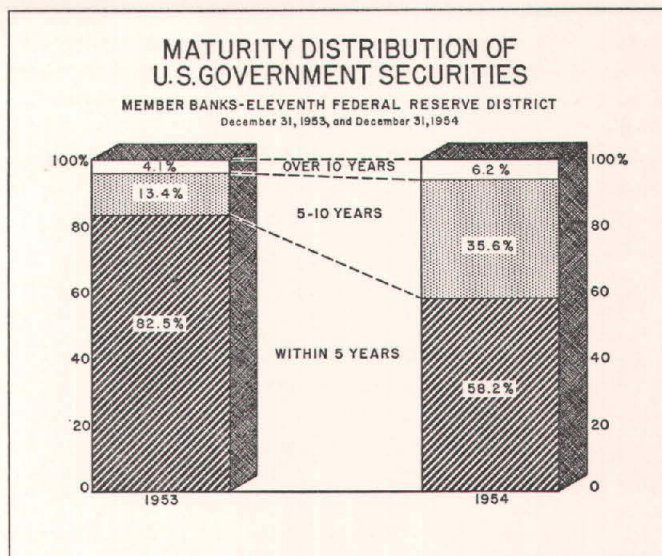
decline in yields on such investments. For 1954 as a whole, these credit activities resulted in a \$323,156,000 expansion in nonagricultural loans, a \$61,872,000 growth in agricultural paper — due principally to purchases of CCC certificates, a \$215,776,000 gain in holdings of United States Government securities, and a \$26,943,000 increase in municipal securities.

The expansion of investments in Government securities was facilitated by Treasury policies of debt management. In order to promote stability in the money supply during the recession and to avoid disturbing the market for long-term funds, the Treasury confined its borrowing operations to securities that were especially attractive to commercial banks. Cash borrowing, exclusive of bills and Tax Anticipation issues, was effected by the sale of Treasury notes that were attractive to banks both in terms of maturity and with respect to method of payment, which allowed qualified depositories to purchase at least part of their allotments by credit to Tax and Loan Accounts. Commercial banks were also willing to acquire these intermediate-term Treasury securities in order to sustain earnings during a period of slack loan demand and relatively low interest rates. Thus, the Treasury refunded approximately 50 percent of maturing securities (other than bills and Tax Anticipation issues) with obligations maturing in  $4\frac{3}{4}$  years or longer.

District banks subscribed heavily to these issues and also actively sought Government securities from market holders. Consequently, holdings of Government obligations, as noted above, rose \$215,776,000 — or 8.9 percent, as compared with a \$19,217,000 decline in 1953. The stretch-out of maturities is shown in an accompanying chart. In 1954, holdings of marketable securities maturing within 5 years declined from 82.5 percent of the total to 58.2 percent, and issues in the 5- to 10-year range rose from 13.4 percent to 35.6 percent. The shift into intermediate-term issues was especially pronounced among the smaller banks. From the standpoint of types of Government securities, the shifts in portfolio were reflected mainly in a \$274,714,000 reduction in Treasury certificates of indebtedness and a \$409,077,000 increase in Treasury bonds.

The availability of reserves that could be funneled into investments did much to sustain member bank earnings when loan demand was slack. Possibly of greater significance, however, were the profits obtained by District member banks by selling certain issues of Government securities at the higher prices (lower yields) that prevailed in 1954. Profits from the sale of securities were especially important among the larger banks and, for member banks as a group, were only slightly less than the total increase in net profits over 1953.

Although the shifts in holdings of Government securities may be viewed as having contributed to a reduction in liquidity of member banks, it is important to note that the movement toward longer-term investments was intentional on the part of the banks. The reduction in liquidity was not the result of a general decrease in liquidity of the economy, as



was the case in some past recessions that led to more severe economic declines. Indeed, perhaps the most significant contribution of monetary policy in 1954 lay in the maintenance of an atmosphere in which liquidity problems of both business and the financial system were negligible.

### Summary and Outlook

Banking trends in the Eleventh District during 1954 were outstanding in several respects. Probably the most significant development was the growth of banking measurements during a year of business adjustment. The environment of monetary ease fostered by System policies encouraged banks in this District and throughout the Nation to pursue aggressive lending policies which enabled borrowers to obtain credit at reduced costs and on more liberal terms. It is difficult to overestimate the impact of this generous supply of loanable funds in 1954. Not only were banks able and willing to make loans, but extra reserves contributed to an important growth of bank investments in longer-term United States Government securities. This latter action provided bank support to the Treasury financing program and enabled banks to expand their earning assets in the face of the decline in loan demand.

Moreover, many banks were able to expand purchases of municipal securities and also increase their loans in the construction and real estate categories. By actively seeking high-grade investments, the banks helped to sustain the flow of credit and, therefore, the flow of spending for goods and services — a development that was of considerable importance in reversing the business decline. These investments and loans contributed forcefully to the construction of municipal facilities and to the high level of residential construction throughout the year.

Other trends of importance in 1954 were largely those reflecting the impact of the recession upon other components of the loan demand. The early 1954 decline in commercial and industrial loans was reversed by the recovery starting in the late summer and progressing rapidly through the

fourth quarter of the year. Another significant development involved the continued growth in time deposits, which reflected the sustained high level of savings. Thus, while some banking operations in 1954 showed effects of recession, the year closed in an atmosphere of recovery and progress which allowed year-end banking totals to show a great improvement over those calculated in the depressing climate prevailing at the end of 1953.

Economic conditions in the first quarter of 1955 reflected a continuation of the recovery pattern set in late 1954. Gross national product is nearing the all-time peak reached in the second quarter of 1953. Industrial production continues the advance that began in late 1954, rising in March to within 2 points of the 1953 high. Consumer spending, stimulated by a high level of disposable income and a growing volume of credit, has contributed to the upward movement of economic activity.

Data for the District's weekly reporting member banks reflect the strength of the business recovery and provide a clue to the role of the banking system in helping to finance the upsurge in activity. During the first quarter of this year, gross loans of the banks rose \$19,837,000, as compared with

a \$3,120,000 decline in the year-earlier period. Of the major categories of business borrowers, only construction firms and commodity dealers evidenced a weaker demand for bank credit as compared with early 1953, and marked expansion has occurred in other categories of loans, particularly consumer credits. The weekly reporting banks, in order to satisfy the strong loan demand under somewhat tighter reserve conditions, have liquidated sizable amounts of Government securities as compared with the first quarter of 1954.

The trend in District banking totals during the remainder of 1955 depends largely, of course, on business conditions and monetary policies in the coming months. If the business revival levels off and is followed by a sustainable rate of growth, 1955 should be another year of expansion and progress for District member banks. A primary task of both bank management and monetary authorities is to assure that the volume of credit flowing to consumers, business, and agriculture is sufficient to support orderly and sustainable growth under conditions of relatively full use of the Nation's economic resources but insufficient to provide credit for speculative, inflationary uses. Success in this task will help to assure that business fluctuations will be reduced to a minimum.

## REVIEW OF BUSINESS, AGRICULTURAL, AND FINANCIAL CONDITIONS



Department store sales in the Eleventh Federal Reserve District, buoyed by Easter buying, showed a sharp, greater than seasonal increase during

March. Cumulative sales for the first quarter of the year reached a record high for this period, with an 11-percent gain over the corresponding months of 1954. Department store stocks at the end of March were only slightly below the all-time high of March 1953.

Agricultural activity in the District during April was centered around overcoming effects of late-March freezes which destroyed most of the early fruit and damaged field crops. Rains during the month improved crop and pasture conditions in the eastern areas of the District. Winter wheat production in 1955 is indicated at almost 50 percent below that in 1954. Cash receipts from farm marketings in January are estimated at about 10 percent lower than a year earlier.

Refinery crude runs in the District were reduced appreciably during the first part of April, but crude oil production continued only slightly below the record level of the previous month. Texas daily allowables for May, however, foreshadow a substantial cut in District crude oil production during the month.

Nonagricultural employment in the District states increased seasonally during March. Gains occurred in all industries, with construction showing the largest increase. Manufacturing employment surpassed year-earlier levels for the first time since 1953.

The value of construction contract awards in the District increased markedly in March; nonresidential construction awards rose 59 percent, but residential awards declined 8 percent. Total awards were 42 percent higher than in March 1954.

Gross loans and discounts of the District's weekly reporting member banks rose \$20,271,000 during the 4 weeks ended April 20, reflecting sizable increases in business loans and consumer credits. Agricultural loans declined substantially in connection with retirement of wheat loans by the Commodity Credit Corporation on April 1. A \$132,607,000 expansion in deposits enabled the banks to add \$61,842,000 to their holdings of United States Government securities.



Easter buying at department stores in the Eleventh District during the 2 weeks before Easter rose 5 percent above that in the same period in 1954 and exceeded by 3 percent the previous record for that period, established in 1953.

During March, department store sales continued the impressive showing of the first 2 months of this year; as a result, dollar volume sales in the District during the first quarter were 11 percent more than in the first 3 months of 1954 and were 3 percent above those in the spring quarter of 1953. March sales registered a larger than seasonal rise of 30 percent over February and were 15 percent above March 1954. The substantial March gain over the year-earlier figure was helped by the earlier Easter season this year. The seasonally adjusted sales index reached 129 in March, compared with 125 in February and 115 in March 1954.

The demand for consumer durable goods continued to be a prime factor in maintaining District department store sales at a high level. During March, sales of homefurnishings, which were approximately 18 percent of total sales, rose 17 percent above March 1954. The principal items accounting for the increase were major household appliances, up 30 percent; domestic floor coverings, up 27 percent; and radios and television sets, up 21 percent. Sales of furniture and bedding, with a 9-percent gain over last year, were the highest for any March of record.

March sales of soft goods, mainly wearing apparel, were 13 percent above those of a year earlier. The largest gains were in sales of women's and children's shoes, which rose

## RETAIL TRADE STATISTICS

(Percentage change)

Line of trade by area	NET SALES			STOCKS <sup>1</sup>	
	Mar. 1955 from		3 mo. 1955 comp. with 3 mo. 1954	Mar. 1955 from	
	March 1954	Feb. 1955		March 1954	Feb. 1955
<b>DEPARTMENT STORES</b>					
Total Eleventh District.....	15	30	11	3	9
Corpus Christi.....	22	28	18	12	13
Dallas.....	18	22	14	6	6
El Paso.....	17	24	12	2	10
Fort Worth.....	9	27	9	8	9
Houston.....	11	34	8	-2	11
Shreveport, La.....	9	34	5	6	12
Waco.....	17	31	11	-3	12
Other cities.....	16	40	12	3	9
<b>FURNITURE STORES</b>					
Total Eleventh District.....	18	6	20	3	9
Austin.....	7	-17	25	-16	12
Dallas.....	29	11	22	27	5
Houston.....	27	10	31	15	12
Port Arthur.....	28	5	3	-3	1
San Antonio.....	13	12	14	-7	4
Other cities.....	5	10	7	-2	6
<b>HOUSEHOLD APPLIANCE STORES</b>					
Total Eleventh District.....	11	22	—	—	—
Dallas.....	11	17	—	—	—

<sup>1</sup> Stocks at end of month.



INDEXES OF DEPARTMENT STORE SALES AND STOCKS

(1947-49 = 100)

Area	UNADJUSTED				ADJUSTED <sup>1</sup>			
	Mar. 1955	Feb. 1955	Jan. 1955	Mar. 1954	Mar. 1955	Feb. 1955	Jan. 1955	Mar. 1954
<b>SALES—Daily average</b>								
Eleventh District.....	117	101	109r	102	129	125	137r	115
Dallas.....	116	107	110	98	122	126	138	106
Houston.....	133	112	122	120	148	143	154	137
<b>STOCKS—End of month</b>								
Eleventh District.....	141p	129r	118r	136	132p	132r	131r	127

<sup>1</sup> Adjusted for seasonal variation.  
r—Revised.  
p—Preliminary.

17 percent; men's and boys' wear, 17 percent; women's and misses' ready-to-wear, 14 percent; women's and misses' ready-to-wear accessories, 12 percent; and sales of women's and misses' dresses, 13 percent.

Credit purchases at District department stores during March were substantially above those a year earlier but accounted for about the same proportion of total sales. Cash purchases in both February and March represented 32 percent of total sales, compared with 34 percent in March 1954. As in February, instalment sales were 14 percent of total sales, compared with 12 percent in March last year. Charge account sales represented 54 percent of total sales, the same as both a month ago and a year ago.

Compared with a year earlier, charge accounts and instalment accounts outstanding at the end of March were up 8 percent and 6 percent, respectively, reflecting the higher level of sales in recent months. However, instalment credit was unchanged from February, and charge accounts were reduced 4 percent.

Department store stocks in the District at the end of March showed the usual seasonal increase from February and, for the first time this year, were above the 1954 level. Stocks were only slightly below the March record in 1953—the year when department store inventories were at an all-time high. Inventories at the end of March were 3 percent higher than a year ago and 9 percent above the end of February. Stocks on order were up 24 percent from the same date last year but were down seasonally 16 percent from February.

Sales of District furniture stores during March showed a less than seasonal increase over February but were 18 percent higher than in March 1954. Cumulative sales for the first quarter were 20 percent higher than in the same period of last year. Furniture store inventories rose 9 percent during March and at the end of the month were 3 percent higher than a year earlier.



Agricultural activity in the District during the past month was devoted largely to overcoming the effects of severe freeze damage caused by two cold fronts during the latter

LIVESTOCK RECEIPTS

(Number)

Class	FORT WORTH MARKET			SAN ANTONIO MARKET		
	March 1955	March 1954	February 1955	March 1955	March 1954	February 1955
Cattle.....	53,452	60,612	43,679	18,857	35,343	16,339
Calves.....	15,004	16,061	14,266	11,961	13,818	10,035
Hogs.....	67,274	57,631	57,540	3,584	—	3,283
Sheep.....	138,923	132,908	55,582	120,078	127,295	17,392

<sup>1</sup> Includes goats.

part of March. Only the extreme southern part of Texas, including the Lower Rio Grande Valley and the adjacent gulf coast area, escaped subfreezing temperatures. Hard freezes caused an almost complete loss of peach, pear, and plum crops; and a large acreage of corn, grain sorghums, cotton, and vegetables was damaged severely. Some of the more advanced small grains were killed, but most of the acreage will recover if favorable growing conditions prevail. The top growth of grasses and clovers was damaged, and spring forage in western range areas was retarded, necessitating increased supplemental feeding of livestock.

Following the freezes, light to heavy rains—ranging up to ½ inch in the northern High Plains and to as much as 5 inches in east Texas—fell at various times during April. Most of the precipitation occurred east of a line from Wichita Falls through Abilene and San Antonio and north of a line from San Antonio to Galveston. Strong winds and hail caused some damage to crops, mostly in counties along the Red River. The rains provided much-needed moisture for replanting freeze-damaged crops and for maintaining forage development. Dry-land wheat in the Texas Panhandle and eastern New Mexico was benefited, but strong winds dissipated much of the moisture.

Acreages of corn and sorghums killed by the freezes have been replanted in most of the Blacklands, Coastal Bend, and central and eastern counties of Texas; and additional acreages have been seeded to these crops. Planting of grain sorghums is under way in the southern and eastern parts of the Low Rolling Plains. In the Coastal Bend area, cotton development was retarded by the low temperatures, and some fields had to be replanted. Cotton planting is progressing rapidly in the southern valleys of New Mexico and Arizona, and considerable land is ready for seeding of both row and

FARM COMMODITY PRICES

Top Prices Paid in Local Southwest Markets

Commodity and market	Unit	Week ended	Comparable	Comparable
		April 21, 1955	week last month	week last year
COTTON, Middling 15/16-inch, Dallas....	lb.	\$ .3245	\$ .3280	\$ .3380
WHEAT, No. 1 hard, Fort Worth.....	bu.	2.71	2.67	2.72
OATS, No. 2 white, Fort Worth.....	bu.	.99¾	.97¼	1.02¾
CORN, No. 2 yellow, Fort Worth.....	bu.	1.86¼	1.76½	1.87
SORGHUMS, No. 2 yellow, Fort Worth....	cwt.	2.85	2.62	2.95
HOGS, Choice, Fort Worth.....	cwt.	17.75	17.00	28.50
SLAUGHTER STEERS, Choice, Fort Worth...	cwt.	25.00	25.00	24.00
SLAUGHTER CALVES, Choice, Fort Worth...	cwt.	22.00	22.00	22.50
STOCKER STEERS, Choice, Fort Worth.....	cwt.	22.50	22.50	22.00
SLAUGHTER SPRING LAMBS, Choice, Fort Worth.....	cwt.	22.00	23.50	25.50
BROILERS, south Texas.....	lb.	.29	.30	.24

## WINTER WHEAT PRODUCTION

Four Southwestern States

(In thousands of bushels)

Area	1955 Indicated April 1	1954	Average 1944-53
Arizona.....	800	588	604
New Mexico.....	944	400	2,867
Oklahoma.....	36,922	70,770	79,304
Texas.....	12,924	30,894	55,404
Total.....	51,590	102,652	138,179

SOURCE: United States Department of Agriculture.

feed crops. Rice planting is under way in Texas and Louisiana, and peanuts in south Texas are up to a stand but are in need of moisture.

Field work generally is active in the commercial vegetable areas of Texas, although soils are dry in nonirrigated south Texas districts. Harvesting of onions is continuing in the Winter Garden and Coastal Bend areas, but crop prospects have been reduced because of continued dry weather. Tomato harvest is progressing rapidly in the Lower Valley. Watermelons have been replanted in southern and central counties, and a large acreage has been seeded in east Texas.

Spring pastures in the Blacklands, eastern, and most upper coastal counties of Texas are making good growth. Adequate moisture in these areas practically assures a surplus supply of green feed until clovers and rescue grasses mature. Grass and weeds are providing some feed in scattered parts of the eastern Plateau, Cross Timbers, and Low Rolling Plains, but additional moisture is needed. Ranges are in poor condition in New Mexico, Arizona, and the High Plains, western Plateau, Trans-Pecos, and southern counties of Texas.

The condition of cattle and calves in the eastern third of the District has improved as green feed has become available, but in the western range areas, cattle are being maintained by heavy supplemental feeding, according to the United States Department of Agriculture. Sheep are reported in below-average condition for this time of year in all parts of the western range areas of the District. Lambing is well advanced, and losses have been relatively light.

The number of cattle and calves on feed in the 14 major feeding states on April 1 is estimated at 4,547,000 head—12 percent larger than on the same date last year, according to the Department of Agriculture. Almost half of the cattle are expected to be marketed by the end of June this year.

Indicated production of 1955-crop winter wheat in the Nation on April 1 is 662,252,000 bushels, reports the Department of Agriculture. This figure is about 2 percent less than indicated production on December 1 last year and about one-sixth smaller than the 1954 crop of 790,737,000 bushels. In four of the District states, the 1955 indicated production of winter wheat is 51,590,000 bushels, which is almost 50 percent below production in 1954 and about 63 percent lower than the 1944-53 average.

## CASH RECEIPTS FROM FARM MARKETINGS

Five Southwestern States

(In thousands of dollars)

Area	January	
	1955	1954
Arizona.....	\$ 46,432	\$ 52,531
Louisiana.....	31,744	42,861
New Mexico.....	15,429	16,049
Oklahoma.....	34,157	38,327
Texas.....	145,928	153,287
Total.....	\$273,690	\$303,055

SOURCE: United States Department of Agriculture.

Commercial production of 1955 spring-crop vegetables in Texas is indicated at 16 percent less than in 1954 and 10 percent below the 1949-53 average, according to the Department of Agriculture. Less than average production is indicated for all crops except early spring onions and tomatoes. The acreage for harvest is 14 percent lower than in 1954 and 10 percent below the average, with most of the reduction in snap beans, sweet corn, cucumbers, and early spring potatoes. Low temperatures in January and February and strong, cold winds in March are responsible for reduced production.

Cash receipts from farm marketings in District states in January this year are estimated at \$273,690,000 by the Department of Agriculture, or almost 10 percent below those in January 1954. Cash receipts from crops in January were 12 percent below crop receipts a year earlier, while livestock receipts declined almost 5 percent.



During the 4 weeks ended April 20, gross loans and discounts of the District's weekly reporting member banks increased \$20,271,000, reflecting expansion in all categories except commercial, industrial, and agricultural loans and loans to banks. Of the major loan classes, "all other" loans—mainly consumer credits—showed the greatest gain with a \$17,528,000 increase, evidencing substantial reliance by consumers on credit to finance the rising level of spending.

Divergent movements prevailed within the total of commercial, industrial, and agricultural loans, inasmuch as a sizable expansion in business loans was more than offset by a large retirement of wheat loans by the Commodity Credit Corporation on April 1. Among business borrowers, construc-

## GROSS DEMAND AND TIME DEPOSITS OF MEMBER BANKS

Eleventh Federal Reserve District

(Averages of daily figures. In thousands of dollars)

Date	COMBINED TOTAL		RESERVE CITY BANKS		COUNTRY BANKS	
	Gross demand	Time	Gross demand	Time	Gross demand	Time
March 1953...	\$6,822,777	\$ 829,712	\$3,251,351	\$444,623	\$3,571,426	\$385,089
March 1954...	6,821,245	1,031,005	3,277,128	579,324	3,544,117	451,681
Nov. 1954...	7,464,379	1,126,793	3,650,354	635,036	3,814,025	491,757
Dec. 1954...	7,551,892	1,131,996	3,687,178	629,548	3,864,714	502,448
Jan. 1955....	7,594,952	1,155,178	3,679,808	644,814	3,915,144	510,364
Feb. 1955....	7,329,237	1,170,172	3,504,599	652,808	3,824,638	517,364
March 1955...	7,237,908	1,202,162	3,485,392	682,916	3,752,516	519,246

CONDITION STATISTICS OF WEEKLY REPORTING  
MEMBER BANKS IN LEADING CITIES

Eleventh Federal Reserve District

(In thousands of dollars)

Item	April 20, 1955	April 21, 1954	March 23, 1955
<b>ASSETS</b>			
Commercial, industrial, and agricultural loans....	\$1,414,217	\$1,306,010	\$1,421,280
Loans to brokers and dealers in securities.....	15,910	12,928	13,588
Other loans for purchasing or carrying securities.....	110,821	76,181	103,981
Real estate loans.....	178,282	136,869	174,338
Loans to banks.....	6,855	7,709	10,155
All other loans.....	473,099	398,227	455,571
Gross loans.....	2,199,184	1,937,924	2,178,913
Less reserves and unallocated charge-offs..	23,022	17,215	22,948
Net loans.....	2,176,162	1,920,709	2,155,965
U. S. Treasury bills.....	83,494	116,078	62,253
U. S. Treasury certificates of indebtedness.....	78,127	172,845	47,150
U. S. Treasury notes.....	272,987	148,037	273,655
U. S. Government bonds (inc. gtd. obligations)...	877,791	771,668	867,499
Other securities.....	256,426	206,879	255,214
Total investments.....	1,568,825	1,415,507	1,505,771
Cash items in process of collection.....	388,086	301,435	363,388
Balances with banks in the United States.....	445,781	444,168	452,280
Balances with banks in foreign countries.....	1,809	1,120	1,635
Currency and coin.....	46,583	44,849	44,828
Reserves with Federal Reserve Bank.....	623,259	600,476	589,013
Other assets.....	123,438	95,926	124,975
<b>TOTAL ASSETS.....</b>	<b>5,373,943</b>	<b>4,824,190</b>	<b>5,237,855</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Demand deposits</b>			
Individuals, partnerships, and corporations....	2,833,406	2,564,424	2,787,889
United States Government.....	97,900	82,988	84,525
States and political subdivisions.....	165,430	192,705	191,919
Banks in the United States.....	947,241	853,847	875,191
Banks in foreign countries.....	18,320	9,723	16,100
Certified and officers' checks, etc.....	66,274	45,033	64,583
Total demand deposits.....	4,128,571	3,748,720	4,020,207
<b>Time deposits</b>			
Individuals, partnerships, and corporations....	658,550	550,464	653,792
United States Government.....	13,662	9,813	13,361
Postal savings.....	452	450	452
States and political subdivisions.....	128,233	132,032	109,657
Banks in the U. S. and foreign countries.....	1,210	1,883	602
Total time deposits.....	802,107	694,642	777,864
Total deposits.....	4,930,678	4,443,362	4,798,071
Bills payable, rediscounts, etc.....	20,000	3,000	17,050
All other liabilities.....	55,454	45,150	60,101
Total capital accounts.....	367,811	332,678	362,633
<b>TOTAL LIABILITIES AND CAPITAL.....</b>	<b>5,373,943</b>	<b>4,824,190</b>	<b>5,237,855</b>

tion firms, retail and wholesale trade establishments, and sales finance companies were heavy borrowers during the 4-week period, while commodity dealers, public utilities, and manufacturers of metal and metal products moderately reduced their indebtedness.

During the 4-week period, the weekly reporting banks reversed the trend prevalent since the beginning of the year and added \$61,842,000 to their holdings of United States Government securities. Acquisitions of short-term bills and certificates totaled \$52,218,000, and bond portfolios increased \$10,292,000.

The ability of the banks to increase both loans and holdings of Government securities arose primarily from a \$132,607,000 expansion in deposits, which contrasts with a rise of only \$12,100,000 in the comparable 1954 period. The \$108,364,000 gain in demand deposits resulted mainly from substantial increases in funds of domestic banks, individuals, and businesses and of the United States Government that were offset partially by a contraction in state and local government deposits. The \$24,243,000 rise in time deposits was

CONDITION STATISTICS OF ALL MEMBER BANKS

Eleventh Federal Reserve District

(In millions of dollars)

Item	March 30, 1955	March 31, 1954	Feb. 23, 1955
<b>ASSETS</b>			
Loans and discounts.....	\$3,495	\$3,119	\$3,513
United States Government obligations.....	2,421	2,306	2,505
Other securities.....	550	456	547
Reserves with Federal Reserve Bank.....	951	982	960
Cash in vault <sup>e</sup> .....	135	146	127
Balances with banks in the United States.....	1,031	1,010	1,076
Balances with banks in foreign countries <sup>e</sup> .....	2	1	2
Cash items in process of collection.....	333	335	422
Other assets <sup>e</sup> .....	176	151	185
<b>TOTAL ASSETS<sup>e</sup>.....</b>	<b>9,094</b>	<b>8,506</b>	<b>9,337</b>
<b>LIABILITIES AND CAPITAL</b>			
Demand deposits of banks.....	1,045	991	1,003
Other demand deposits.....	6,134	5,817	6,420
Time deposits.....	1,210	1,061	1,177
Total deposits.....	8,389	7,869	8,600
Borrowings <sup>e</sup> .....	6	0	23
Other liabilities <sup>e</sup> .....	67	60	84
Total capital accounts <sup>e</sup> .....	632	577	630
<b>TOTAL LIABILITIES AND CAPITAL<sup>e</sup>.....</b>	<b>9,094</b>	<b>8,506</b>	<b>9,337</b>

e—Estimated.

weighted heavily by an \$18,576,000 expansion in funds of states and political subdivisions.

Member bank reserve balances at the Federal Reserve Bank of Dallas rose \$25,172,000 during the 4 weeks ended April 20. Principal factors contributing to the expansion included Treasury operations, which added \$143,482,000, and a \$14,426,000 increase in local Federal Reserve credit. Partially offsetting these expansive factors were currency transactions that absorbed \$2,053,000 and a \$130,528,000 flow of funds from the District. Other deposits and other Federal Reserve accounts, together, subtracted \$155,000 from reserve balances. The increase during the 4-week period brought the total rise since the first of the year to \$14,692,000, as compared with a \$23,977,000 decline in the comparable 1954 period.

Debits to demand deposit accounts at banks in 24 District cities totaled \$7,194,331,000 in March, up 18 percent from February and 13 percent above the year-earlier amount. Reflecting the larger number of business days in the month, debits in each reporting center were higher than in February.

CHANGES IN FACTORS AFFECTING  
MEMBER BANK RESERVE BALANCES

Eleventh Federal Reserve District

(In thousands of dollars)

FACTORS	CHANGE <sup>1</sup>	
	4 weeks ended April 20, 1955	Dec. 29, 1954— April 20, 1955
Federal Reserve credit—local.....	+\$ 14,426	—\$ 19,732
Interdistrict commercial and financial transactions....	— 130,528	— 205,064
Treasury operations.....	+ 143,482	+ 195,244
Currency transactions.....	— 2,053	+ 41,634
Other deposits at Federal Reserve Bank.....	— 338	— 976
Other Federal Reserve accounts.....	+ 183	+ 3,586
<b>RESERVE BALANCES</b>	<b>+\$ 25,172</b>	<b>+\$ 14,692</b>
April 20, 1955.....	\$1,021,203	
March 23, 1955.....	\$ 996,031	

<sup>1</sup> Sign of change indicates effect on reserve balances.

**BANK DEBITS, END-OF-MONTH DEPOSITS  
AND ANNUAL RATE OF TURNOVER OF DEPOSITS**

(Amounts in thousands of dollars)

Area	DEBITS <sup>1</sup>			DEPOSITS <sup>2</sup>			
	March 1955	Percentage change from		March 31, 1955	Annual rate of turnover		
		March 1954	Feb. 1955		March 1955	March 1954	Feb. 1955
<b>ARIZONA</b>							
Tucson.....	\$ 136,054	23	15	\$ 93,860	17.3	15.5	15.1
<b>LOUISIANA</b>							
Monroe.....	56,641	10	23	41,895	15.8	14.5	12.6
Shreveport.....	252,442	16	19	181,316	15.8	15.7	13.1
<b>NEW MEXICO</b>							
Roswell.....	29,664	8	15	29,235	12.0	11.5	10.2
<b>TEXAS</b>							
Abilene.....	66,146	14	12	59,175	13.2	13.6	11.6
Amarillo.....	158,127	18	15	109,704	17.3	16.3	14.8
Austin.....	137,233	14	10	115,013	14.4	14.6	13.1
Beaumont.....	125,163	-2	13	100,670	14.8	15.6	13.1
Corpus Christi.....	168,168	11	10	106,941	18.6	17.8	16.7
Corsicana.....	14,498	3	11	21,784	7.9	7.9	7.1
Dallas.....	2,058,668	14	17	956,512	25.7	24.2	21.7
El Paso.....	249,389	18	16	127,117	23.0	21.0	19.4
Fort Worth.....	631,032	21	23	350,765	21.5	19.4	17.4
Galveston.....	81,546	2	12	71,096	13.9	12.7	12.7
Houston.....	2,015,106	8	22	1,144,927	20.6	20.9	16.8
Laredo.....	20,388	-1	10	18,761	13.0	13.2	11.6
Lubbock.....	138,907	41	4	97,823	16.6	13.9	15.0
Port Arthur.....	53,823	18	9	40,842	16.0	13.9	14.5
San Angelo.....	46,484	16	20	46,353	12.1	10.9	10.1
San Antonio.....	478,508	17	20	336,220	16.9	16.0	14.2
Texarkana <sup>3</sup> .....	17,719	-1	7	17,207	12.4	12.0	11.4
Tyler.....	74,325	24	17	57,018	15.7	12.8	13.3
Waco.....	88,092	5	14	68,590	15.2	15.6	13.3
Wichita Falls.....	96,208	11	14	103,400	11.0	10.6	9.6
Total—24 cities.....	\$7,194,331	13	18	\$4,296,224	19.8	19.1	16.7

<sup>1</sup> Debits to demand deposit accounts of individuals, partnerships, and corporations and of states and political subdivisions.

<sup>2</sup> Demand deposit accounts of individuals, partnerships, and corporations and of states and political subdivisions.

<sup>3</sup> These figures include only one bank in Texarkana, Texas. Total debits for all banks in Texarkana, Texas-Arkansas, including two banks located in the Eighth District, amounted to \$36,258,000 for the month of March 1955.

Increases over March 1954 were reported in all but three cities. The annual rate of deposit turnover advanced to 19.8 in March, compared with 16.7 in February and 19.1 in March 1954.

Gross demand deposits of District member banks averaged \$7,237,908,000 in March, down seasonally 1.2 percent from February but 6.1 percent greater than in March 1954. The month-to-month decline stemmed primarily from decreases at country banks. Time deposits of member banks increased for

**NEW PAR BANKS**

*The Beaumont State Bank, Beaumont, Texas, an insured, nonmember bank located in the territory served by the Houston Branch of the Federal Reserve Bank of Dallas, was added to the Par List on its opening date, April 18, 1955. The officers are: William Blieden, President (inactive); Samuel B. Landrum, Vice President (inactive); Jack H. Henderson, Executive Vice President; and W. E. Edgar, Vice President and Cashier.*

*The Vidor State Bank, Vidor, Texas, an insured, nonmember bank located in the territory served by the Houston Branch of the Federal Reserve Bank of Dallas, was added to the Par List on its opening date, April 1, 1955. The officers are: C. B. Keeland, Jr., President, and W. E. Keeland, Vice President and Cashier.*

**CONDITION OF THE FEDERAL RESERVE BANK OF DALLAS**

(In thousands of dollars)

Item	April 15, 1955	April 15, 1954	March 15, 1955
Total gold certificate reserves.....	\$ 833,631	\$ 825,669	\$779,026
Discounts for member banks.....	6,080	0	700
Other discounts and advances.....	4,387	376	5,013
U. S. Government securities.....	946,497	967,903	927,519
Total earning assets.....	956,964	968,279	933,232
Member bank reserve deposits.....	1,039,114	1,005,622	981,413
Federal Reserve notes in actual circulation.....	711,231	700,767	717,983

the seventh consecutive month to reach a new peak of \$1,202,162,000, a level 16.6 percent above the year-earlier average.

Earning assets of the Federal Reserve Bank of Dallas rose \$23,732,000 between March 15 and April 15, reflecting increases of \$18,978,000 in United States Government securities and \$5,380,000 in member bank borrowings and a \$626,000 decline in other discounts and advances. Other changes in the bank's condition included increases of \$54,605,000 in gold certificate reserves and \$57,701,000 in member bank reserve deposits and a decrease of \$6,752,000 in Federal Reserve notes in actual circulation.



Refinery crude runs in both the District and the Nation were cut back markedly during the first part of April, following moderate reductions in the preceding month. District refinery runs averaged 2,166,000 barrels per day, which is 53,000 barrels below the March average although 126,000 barrels higher than in April last year. Meanwhile, refinery runs in the Nation during the first part of April, at 7,071,000 barrels per day, were 318,000 barrels lower than in March but 260,000 barrels higher than in the same month a year earlier. A substantial number of major refiners announced appreciable cutbacks in their refinery runs for April and May.

The decline in refinery crude runs from the record levels prevailing in February has been occasioned by the seasonal decrease in the demand for heating oils and the current high level of gasoline stocks. While refinery yields of gasoline were reduced during the winter months, the large refinery runs needed to meet heating oil demand tended to build up an already high volume of gasoline stocks. On April 1, such stocks totaled a record 185,300,000 barrels, or more than 20,000,000 barrels above the level generally considered desirable at this time of year.

Warming spring temperatures, which have weakened heating oil demand, have stimulated appreciably the demand for gasoline. In the 5 weeks ended April 15, such demand at primary levels was about 6 percent higher than in the same period last year. The high level of gasoline demand tends to minimize the possible unfavorable consequences of a heavy stock position in this product.

Despite the sizable reduction in refinery crude runs, crude oil production in April was down only slightly from the March volume. In the District, daily average crude oil pro-

## CRUDE OIL: DAILY AVERAGE PRODUCTION

(In thousands of barrels)

Area	March 1955 <sup>1</sup>	March 1954 <sup>2</sup>	February 1955 <sup>1</sup>	Change from	
				March 1954	February 1955
ELEVENTH DISTRICT.....	3,305.7	3,809.1	3,259.4	-503.4	46.3
Texas.....	2,969.8	2,773.5	2,932.1	196.3	37.7
Gulf Coast.....	637.2	601.8	631.0	35.4	6.2
West Texas.....	1,172.7	1,059.4	1,158.4	113.3	14.3
East Texas (proper).....	237.4	244.5	236.9	-7.1	.5
Panhandle.....	87.5	84.0	86.0	3.5	1.5
Rest of State.....	835.0	783.8	819.8	51.2	15.2
Southeastern New Mexico.....	223.9	200.1	217.7	23.8	6.2
Northern Louisiana.....	112.0	115.5	109.6	-3.5	2.4
OUTSIDE ELEVENTH DISTRICT.....	3,534.1	3,417.4	3,499.1	116.7	35.0
UNITED STATES.....	6,839.8	6,506.5	6,758.5	333.3	81.3

SOURCES: <sup>1</sup> Estimated from American Petroleum Institute weekly reports.  
<sup>2</sup> United States Bureau of Mines.

duction during the first half of the month amounted to 3,286,000 barrels, or only 19,000 barrels less than in March and 118,000 barrels higher than in April last year. In the Nation, crude production averaged 6,819,000 barrels per day, which is down 21,000 barrels from the previous month but 204,000 barrels above a year earlier.

May crude production in the District, however, probably will show a substantial decline. The Texas Railroad Commission reduced daily allowables for this month to 3,072,000 barrels, representing a reduction of 214,000 barrels from the mid-April level and the lowest allowable for any month during the current year.

Imports declined considerably in recent weeks, in contrast with the small decrease in domestic crude production. During the 5 weeks ended April 15, total imports averaged 1,214,000 barrels per day, or 132,000 barrels less than in the previous 5 weeks although 235,000 barrels higher than in the same period a year ago. However, the recent decline was entirely in residual fuel oil imports, which usually decrease at this time of year; crude imports continued in approximately the same volume.

The cutback in refinery crude runs, coupled with the continued high level of domestic crude production, has resulted in an increase in crude oil stocks in the Nation. Crude stocks on April 9 totaled 269,100,000 barrels, representing a gain of 9,100,000 barrels in 6 weeks. At this level, crude stocks were about the same as a year earlier and were only a little higher than what the industry generally considers desirable.

## NATURAL GAS: MARKETED PRODUCTION

Four Southwestern States

(In millions of cubic feet)

Area	Fourth quarter 1954	Fourth quarter 1953	Third quarter 1954	1954p	1953
Louisiana.....	365,300	321,200	285,900	1,246,700	1,293,644
New Mexico.....	133,500	117,300	113,000	478,900	399,086
Oklahoma.....	145,800	161,400	152,600	623,200	599,955
Texas.....	1,204,000	1,167,400	1,069,600	4,561,000	4,383,158
Total.....	1,848,600	1,767,300	1,621,100	6,909,800	6,675,843

p—Preliminary.  
 SOURCE: United States Bureau of Mines.

Marketed production of natural gas in the four producing states lying wholly or partly within the District rose to a record high in the fourth quarter of 1954. Totalling 1,849 billion cubic feet, marketed production was 14 percent higher than in the third quarter and almost 5 percent higher than in the same quarter of 1953. Seasonally heavier heating needs of existing residential and commercial users, together with continued expansion in the number of consumers, largely accounted for the rise in production in the last quarter of 1954. For the year, marketed production in the District states amounted to 6,910 billion cubic feet, or 3 percent higher than in 1953. District production in 1954 comprised approximately 80 percent of the national total, or about the same as a year earlier.



Nonagricultural employment in the District states during March increased 27,300 over February to reach a total of 3,815,100, or 70,700 more than in March 1954. Gains occurred in all industries, but the largest increases were accounted for by seasonal influences in retail trade, construction, and such manufacturing lines as apparel, machinery, and construction materials.

Manufacturing employment rose 4,000 to a March total of 700,600, placing such employment above the year-earlier level for the first time since 1953. Transportation equipment manufacturing continues to supply a large number of jobs, although a slight decline is apparent as fluctuations in military needs vary production schedules in aircraft manufacturing. However, aircraft workers laid off in Texas are being sought actively by manufacturers in other parts of the country.

The value of construction contracts awarded in the District during March totaled \$160,055,000, or 23 percent above February and 42 percent above a year ago. The most important factor in the March total was nonresidential construction awards, which were 59 percent more than in February and 45 percent over March 1954. Residential building awards,

## NONAGRICULTURAL EMPLOYMENT

Five Southwestern States<sup>1</sup>

Type of employment	Number of persons			Percent change March 1955 from	
	March 1955e	March 1954r	February 1955	March 1954	Feb. 1955
Total nonagricultural wage and salary workers..	3,815,100	3,744,400	3,787,800	1.9	.7
Manufacturing.....	700,600	696,200	696,600	.6	.6
Nonmanufacturing.....	3,114,500	3,048,200	3,091,200	2.2	.8
Mining.....	234,200	232,200	233,800	.9	.2
Construction.....	267,200	254,300	257,200	5.1	3.9
Transportation and public utilities.....	387,100	394,100	383,900	-1.8	.8
Trade.....	973,800	954,100	967,100	2.1	.7
Finance.....	158,900	152,800	158,300	4.0	.4
Service.....	439,700	434,400	439,500	1.2	.05
Government.....	653,600	626,300	651,400	4.4	.3

<sup>1</sup> Arizona, Louisiana, New Mexico, Oklahoma, and Texas.

e—Estimated.

r—Revised.

SOURCES: State employment agencies.  
 Federal Reserve Bank of Dallas.

## VALUE OF CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

Area and type	March 1955p	March 1954	February 1955	January—March	
				1955p	1954
ELEVENTH DISTRICT....	\$ 160,055	\$ 113,089	\$ 130,636	\$ 417,563	\$ 300,462
Residential.....	73,276	53,260	79,586	203,958	150,207
All other.....	86,779	59,829	51,050	213,605	150,255
UNITED STATES <sup>1</sup> .....	2,134,819	1,527,517	1,581,143	5,220,412	3,900,824
Residential.....	989,730	667,737	744,102	2,424,187	1,638,992
All other.....	1,145,089	859,780	837,041	2,796,225	2,261,832

<sup>1</sup> 37 states east of the Rocky Mountains.

p—Preliminary.

SOURCE: F. W. Dodge Corporation.

while 38 percent above March last year, decreased 8 percent from the preceding month.

During the first quarter of 1955, the value of construction contracts awarded in the District was up 39 percent from the same period of 1954. Residential awards rose 36 percent, and all other awards gained 42 percent. In the Nation, total awards increased 34 percent over last year; residential awards, 48 percent; and all other awards, 24 percent.

The continuing rise in construction activity is illustrated further in a comparison of the number of dwelling units provided by contract awards. New single-family units provided in Texas during the first quarter of 1955 totaled 13,370, compared with 10,128 during the first 3 months of 1954. Construction of multifamily units is down sharply, with the 1955 first-quarter total of 1,121 being 25 percent lower than the total for the comparable period in 1954.

With the increase in construction activity, the demand for cement has turned sharply upward. Texas manufacturers in-

## BUILDING PERMITS

Area	3 months 1955						Percentage change in valuation from 3 months 1954
	March 1955		Percentage change in valuation from		Number	Valuation	
	Number	Valuation	March 1954	Feb. 1955			
LOUISIANA							
Shreveport....	616	\$ 2,571,149	18	53	1,412	\$ 5,981,178	15
TEXAS							
Abilene.....	176	1,722,558	35	-21	466	4,922,932	74
Amarillo.....	336	3,510,531	89	69	812	7,409,231	101
Austin.....	366	4,658,025	19	65	909	10,458,185	20
Beaumont....	368	697,908	29	-13	897	2,124,844	-17
Corpus Christi..	535	3,135,319	16	61	1,512	8,230,150	16
Dallas.....	2,683	17,816,515	44	-8	6,950	50,329,183	58
El Paso.....	549	3,587,824	101	5	1,490	9,555,774	98
Fort Worth....	934	6,468,382	58	19	2,385	15,005,112	49
Galveston....	124	252,654	-83	26	322	604,569	-66
Houston.....	1,231	15,495,106	1	44	3,305	36,625,178	-3
Lubbock.....	381	3,318,467	142	76	857	7,709,626	16
Port Arthur....	207	615,042	15	-11	445	1,652,552	87
San Antonio... 2,219	5,273,980	19	-6	5,600	16,546,733	58	
Waco.....	318	1,451,129	32	10	783	4,403,174	32
Wichita Falls.. 168	1,136,782	41	5	433	3,053,376	45	
Total—16 cities.. 11,211	\$71,711,371	29	17	28,578	\$184,611,797	32	

## DOMESTIC CONSUMPTION AND STOCKS OF COTTON

(Bales)

Area	February 1955 <sup>1</sup>	February 1954	January 1955 <sup>2</sup>	August—February	
				This season	Last season
CONSUMPTION					
Total					
Texas mills.....	10,632	11,598	10,967	78,815	84,776
U. S. mills.....	720,815	685,546	711,286	5,126,907	5,107,216
Daily average					
Texas mills.....	541	590	548	531	577
U. S. mills.....	36,645	34,852	35,564	34,544	34,763
STOCKS, U. S.—End of period					
Consuming establishments.	1,877,945	1,821,878	1,801,753	—	—
Public storage and compresses.....	12,741,826	11,528,162	13,471,230	—	—

<sup>1</sup> Four weeks ended February 26.<sup>2</sup> Four weeks ended January 29.

SOURCE: United States Bureau of the Census.

creased production during the first quarter in 1955 to 17,939,000 hundredweight, an increase of 30 percent over the first quarter in 1954. The shortage of glass which has confronted the construction industry for several months is likely to continue for at least 60 days, as new orders are being placed 2 or more months in advance of deliveries. One result of this tightness has been a rise in imports of Belgium glass.

Mining activity in the District states, as in the Nation, continues at a high level, with copper production in March exceeding any other month since World War II. An increase in the price of copper has failed to alleviate the continuing shortage, and the Federal Government has acted to make 17,500 tons available from its defense stockpile. The shortage of copper generally stems from two influences: (1) labor disputes in mines throughout the world during the fall and winter months and (2) the sharp rise in demand from automobile and other durable goods manufacturers. Sulfur production in Texas, which provides approximately 75 percent of the Nation's output, amounted to 1,040,321 long tons during the first quarter of 1955, representing an increase of 37 percent over the comparable period in 1954.

## COTTONSEED AND COTTONSEED PRODUCTS

Item	TEXAS		UNITED STATES	
	August 1 to February 28		August 1 to February 28	
	This season	Last season	This season	Last season
COTTONSEED (tons)				
Received at mills.....	1,420,455	1,630,095	5,027,742	6,017,057
Crushed.....	1,141,309	1,125,968	3,845,288	4,285,796
Stocks, end of period.....	423,022	592,258	1,412,061	1,879,379
COTTONSEED PRODUCTS				
Production				
Crude oil (thousand pounds).	381,200	366,354	1,246,980	1,390,798
Cake and meal (tons).....	541,074	541,085	1,874,063	2,031,022
Hulls (tons).....	262,405	255,140	827,947	941,317
Linters (running bales).....	327,216	328,207	1,245,072	1,358,243
Stocks, end of period				
Crude oil (thousand pounds).	10,685	20,263	67,007	98,299
Cake and meal (tons).....	44,028	36,136	257,064	146,087
Hulls (tons).....	17,409	32,977	68,917	88,486
Linters (running bales).....	77,908	50,890	356,759	213,459

SOURCE: United States Bureau of the Census.